




MEMORANDUM

TO: Mayor and Council Members

CC: Marc A. Ott, City Manager

FROM: Larry Weis, General Manager, Austin Energy 

DATE: July 22, 2011

SUBJECT: Critical Business Need for Sand Hill Energy Center Unit 5 Circulating Water Pump A

ACTION:

As detailed below, and in accordance with City Council-approved purchasing procedures, I am designating as a Critical Business Need of Austin Energy (AE), the repair of Sand Hill Energy Center Unit 5 Circulating Water Pump A. This pump has a major failure which renders it inoperable. Currently, Sand Hill Unit 5 has only one of three Circulating Water Pumps operational. The Circulating Water Pumps condense the steam exhausting from the Sand Hill Energy Center Unit 5 steam turbine. Failure of the third pump would force the unit off line depriving Austin Energy of approximately 307 Megawatts of efficient and low emissions gas fired generation.

BACKGROUND:

On 11 July 2011 Circulating Pump C failed which was one of two operational Circulating Water Pumps on Sand Hill Unit 5. Circulating Water Pump A had failed earlier in the year and repairs were bid out and are scheduled for approval by City Council on 28 July 2011. A CBN was authorized on 12 July in the amount of \$ 53, 524. This price was the original bid submitted by the vendor prior to the failure of the second pump and did not include the overtime and other costs associated with an expedited repair. After inspection of the condition of the pump the vendor is estimating a repair time of six weeks for the original price. We asked for and received a quote for \$ 86,790 to expedite repairs to three weeks. Based on the need to ensure reliable operation of Sand Hill Unit 5 during summer peak season we are asking for an increase to the purchase amount of our original Critical Business Need to a total of \$86,790.

Austin Energy plans to bring this item forward for ratification by the City Council in August. Please let us know if you have any questions; I can be reached at 322-6002.